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DOMINICAN REPUBLIC



BACKGROUND

DR-CAFTA offers Dominican farmers the opportunity to sell their commodities free of import tariffs in the United States and the Central American countries participating in this free trade agreement, provided that they maintain competitive prices and comply with the importing country's food safety and phytosanitary requirements. Given the limited resources and market knowledge that small farm producers in the Dominican Republic have compared to their large farm counterparts, the question of how able and quickly the small farm producers will be able to diversify their production, produce and sell quality products competitively, and participate in the global markets is a major concern for the broad-based environmentally sustainable development of the Dominican economy.

Although non-traditional agricultural exports of Dominican products have increased at a steady pace over the past decade, the participation of small farm producers in this growth has been lagging and the income gap between small and large farm producers has continued to grow. This growing gap in income and wealth in the rural sector has resulted in higher levels of poverty, greater environmental degradation, and more rural to urban migration.

A major challenge for the Dominican Republic is to find a cost-effective way to assist small farm producers and processors to become more competitive, improve the quality of their products, and increase their net incomes.

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Rural Economic Diversification Project

USAID GOAL: Help the people of the Dominican Republic build and sustain a democratic, well-governed state that responds to the needs of Dominicans, reduces widespread poverty and conducts itself responsibly in the international system

OBJECTIVE:

The USAID-RED project is designed to help meet this challenge and take advantage of the export opportunities provided by DR-CAFTA and other free trade agreements. This project, while focusing on the development of high-value agricultural export niche markets, will provide technical and financial assistance to small farm producers and processors to find ways to produce their products more competitively, improve the quality of their products, and adapt best management practices that are environmentally sustainable.

The basic objective of this project is to support small-scale producers and processors of agricultural and wood products to diversify and expand their production in order to enable them to become more competitive in global markets, especially now that the Free Trade Agreement with Central America, the United States, and the Dominican Republic (DR-CAFTA) is being implemented.

To achieve its objective, the project will implement five components that are described as follows:

Development of public-private partnerships or clusters: This component will focus on commodity demand analysis, internal and external market price trends, diversified market strategies, product cluster strengthening, priority infrastructure investments, and monitoring and evaluation of cluster results.

Natural Resources Management: This component will provide training and financial assistance to adopt environmentally sustainable cost-effective techniques to produce and process agricultural and wood products, as well as to promote best practices to conserve non-renewable natural resources, adopt clean production technologies, and mitigate the negative effects of natural disasters.

Development of Organic Agriculture: This component will support agricultural and wood producers, through training and education, to adopt organic production techniques and receive the appropriate organic market certification (e.g., GlobalGAP, Fair Trade) for their products wherever economically feasible.

Post Harvesting Management and Adding Product Value: This component will support training in best management practices for food safety and acceptability, quality improvement, new product development, food processing, and cost efficiency.

Market Development: This component will provide training to producers, processors, buyers, and sellers in marketing management techniques, trade missions, support in local and international fairs and events, commercial linkages at national and international levels, market intelligence, market information systems, and support in commercial conflict resolution.

EXPECTED RESULTS:

- Increased sales values (in both local and export markets) of the commodities produced by the selected agro-industrial cluster groups.
- More competitive agro-rural small and medium enterprises (SMEs) better able to compete at the national and international levels
- Increased investments in environmentally sustainable best management practices by agricultural and wood product producers and processors, as well as in basic infrastructure in the rural sector to facilitate the production and marketing of their commodities.
- A more sustainable production and marketing strategy for the clusters that ensures their continuity beyond the end of the project.
- Establishment of strategic partnerships with private and public sectors (local and international) to leverage additional financial resources.

Project Funds: US\$11,706,392

Life of Project: 2008 - 2011

Involved Parties: Government of the Dominican Republic; Agro-industrial Clusters; Private Enterprise and Enterprise Associations; NGOs